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THE INTERIM

FEBRUARY 1996 HELENA, MONTANA VOL. X NO. 9

COMMITTEE ON STATE MANAGEMENT SYSTEMS

Committee on State Management Systems to Meet...The SJR 23 Committee on State Management Systems will meet on Monday, February 5 in Helena. The meeting is scheduled to begin at 9 a.m. in Room 437 of the Capitol. The meeting will focus on work being done by the three Task Forces commissioned by the Committee. Included on the agenda will be briefings on the results of surveys on asset management needs and uses conducted by each of the Task Forces: the Accounting Task Force survey of state government managers; the Budgeting Task Force survey of legislators; and the Data Management Task Force survey of local governments. The Committee will also hear a recapitulation of the activities of the HJR 48 (1991) study of state information technology policy. The final agenda item will be a first attempt by the Committee to develop the outlines of a vision for the state's assets management systems for the 21st Century.

For further information on the meeting, please contact Dave Bohyer, Legislative Services Division, at 444-3064 or Senator Mack Cole, Chairman, at 342-5384.

PLEASE RETURN

LEGISLATIVE SERVICES DIVISION

OFFICE OF RESEARCH AND POLICY ANALYSIS

The following research reports are now available from the Office of Research and Policy Analysis. To receive a copy of a particular report, please contact the Legislative Library at (406)444-3064.

- "Summary of Selected Legislative Changes to Montana's Property Classification System", prepared for the Revenue Oversight Committee by Jeff Martin
- "Tentative Findings of the Juvenile Justice and Mental Health Study Commission", prepared by Susan B. Fox
- "Proposed Study Plan for House Joint Resolution No 19: Needs of Montana Veterans", prepared by Susan Byorth Fox
- "General Information on Veteran-Related Issues in Montana", prepared for the Joint Interim Subcommittee on Veterans' Needs by Susan Byorth Fox
- "Successful Programs in Juvenile Justice in the U. S.", prepared for the Juvenile Justice and Mental Health Study Commission by Susan Byorth Fox
- "Child Custody and Visitation: A Review of Montana Law", prepared for the Joint Oversight Committee on Children and Families by Doug Sternberg
- "Constitutional, Statutory, and Archival Requirements for Legislative Committee Minutes", prepared for the Legislative Council by Connie Erickson
- "Enabling Community Initiatives", prepared for the Oversight Committee on Children and Families by Sheri S. Heffelfinger

LEGAL OFFICE

Redistricting Challenge...The American Civil Liberties Union and others have filed suit in the United States District Court, Great Falls Division, challenging the 1993 legislative districting plan. The suit names Secretary of State Mike Cooney and Governor Marc Racicot as defendants. The defense of the suit has been assigned to the Attorney General's office. The suit alleges that the redistricting plan has the result of denying or

abridging the right of Native Americans to vote on account of race, color, or membership in a language minority in violation of the federal Voting Rights Act. The suit also alleges that the redistricting plan was enacted with the racially discriminatory purpose of diluting the voting strength of Native Americans in violation of the Voting Rights Act. The suit seeks to enjoin future elections based upon the existing districts and to require timely elections pursuant to a plan that complies with the Voting Rights Act.

The suit alleges that additional legislative districts could have been drawn that contain a majority of Native American residents of voting age. Currently one Senate District and four House Districts contain a majority of Native American residents of voting age. In creating districts, the Montana Districting and Apportionment Commission used the following mandatory guidelines and criteria:

- (1) compactness and contiguity;
- (2) population equality;
- (3) maximum population deviation;
- (4) population base; and
- (5) protection of minority rights.

The Commission also considered local government boundaries, precincts, school districts, communities of interest, geographical boundaries, existing districts, and political fairness.

The most recent challenges to districting plans heard by the United States Supreme Court involve districts that were drawn to contain a majority of racially identifiable residents of voting age. The Supreme Court has determined that the creation of a district that protects minority rights while disregarding the other mandatory and discretionary criteria is improper. It is unlikely that the suit can be resolved prior to the current election cycle.

LIBRARY

Committee Minutes Available to Order...The Library will be sending out order forms for microfiche copies of committee minutes from the 1995 session by the middle of February. The cost for the set of approximately 180 microfiche will be \$35. The set will be distributed without Senate Natural Resources minutes which will be mailed to those ordering copies once this final set of minutes has been received and processed. Original minutes and tapes are available at the Historical Society Archives [225 N. Roberts, Helena, MT 59620-1201 406/444-4775].

If you have questions, please call the Library at 406/444-3064.

MONTANA LEGISLATIVE CONFERENCE ON HIGHER EDUCATION

To Hold Conference in May...The leadership of the Montana Legislature will sponsor a conference on higher education at Yellow Bay on Flathead Lake on May 3-5. The purpose of the conference is to bring together legislators to consider and define the issues and policies that will allow the Legislature to define what it expects from higher education. In other words, what is it that legislators are trying to purchase for the people of our state with our higher education dollars? The issues to be discussed may include such things as tuition vs. state support, privatization, out-of-state student mix, athletics, research, etc.

Further information about the conference will be available as soon as the plans are finalized.

ADMINISTRATIVE CODE COMMITTEE

Committee to Meet in February...The Administrative Code Committee will hold its first meeting of the interim on Friday, February 23 in Room 108 of the State Capitol. The meeting will begin at 1 p.m. Agenda items include:

- the election of a chairperson and a vice chairperson;
- a Department of Environmental Quality requirement that a subdivision in the Bozeman area have a holding tank for water for each home in addition to a well; and
- recently adopted Board of Dentistry rules relating to the functions of dental hygienists and dental assistants.

For further information about the Committee or the meeting, please contact John MacMaster, Legislative Services Division, (406)444-3064.

OVERSIGHT COMMITTEE ON CHILDREN AND FAMILIES

Committee Holds Two-Day Meeting...In a two-day meeting January 25-26, the Oversight Committee on Children and Families fulfilled multiple oversight duties and voted to focus study efforts on networking and evaluation activities to support quality child care, reduce teenage pregnancy, and prevent substance abuse among young people. The meeting also provided a forum for issues related to child support enforcement and custody and visitation rights.

Committee Hears About Proposed Medicaid Changes...The Committee began its work with an update on federal budget battles and implications for the state. Ms. Lois Steinbeck, senior fiscal analyst with the Legislative Fiscal Division, explained that under President Clinton's latest Medicaid proposal, federal financial support to the states would be based on a "per capita cap". The per capita cap would entitle states to a set amount of Medicaid dollars per eligible recipient, but the total amount received would be capped based on the state's Medicaid spending for federal fiscal year 1995. Committee members raised concerns about whether Montana would be able to expand Medicaid eligibility under the Clinton proposal. Committee members also acknowledged concerns that if federally mandated Medicaid services do not allow states some flexibility, it will be difficult for the state to shift Medicaid dollars to offset welfare funding reductions affecting child care, emergency services, and the JOBS programs. Ms. Steinbeck's briefing also acknowledged the probability that a federal budget agreement may not be achieved until after the November election.

Committee Hears Update on Montana's Welfare Reform...Turning to Montana's welfare reform initiative, Families Achieving Independence in Montana (FAIM), the Committee learned that each county has flexibility to design its own FAIM task force to address how community services will be coordinated for FAIM participants. Ms. Susan Skinner, a field coordinator from the Family Assistance program under DPHHS, presented information about how each FAIM coordinator in each county is being trained to interview applicants. Ms. Skinner explained how, under FAIM, the philosophy of providing all eligible AFDC recipients with a complete package of services is changing to the philosophy of trying to first divert applicants from receiving public assistance by helping remove obstacles to a family's self-sufficiency. If diversion is not possible, FAIM coordinators work with each family through a Family Investment Agreement, which is a contract outlining a plan for how the family will eventually achieve self-sufficiency. Ms. Skinner reported that training for FAIM coordinators has been progressing well and she reviewed the phased implementation

schedule. Beginning in February FAIM will be implemented in Silver Bow, Beaverhead, Jefferson, Park, Meagher, Broadwater, Valley, and Phillips Counties.

Committee members raised concerns about FAIM regulations that sanction families who fail to fulfill the Family Investment Agreement. Sanctions involve notifying DPHHS officials. Concerns were also raised about whether training was effective and whether county officials could participate in the training. Another area of concern was about whether the lack of a federal budget agreement would affect FAIM's implementation schedule. Ms. Skinner and DPHHS Director Dr. Peter Blouke assured Committee members that the "flagging" of families who fail to meet their agreement obligations would be used to help identify problems and assist families in overcoming obstacles to meeting their agreements. Ms. Skinner noted the Committee's concerns about the training and assured members that the Committee's concerns would be considered in future training.

On the budget concerns, the Committee was assured that while Montana had to continue to renew its waivers, FAIM was operating on a budget not affected (because of the waivers) by the federal budget battles. The basic criteria of FAIM funding remains that the state cannot spend more money than would otherwise be available based on past expenditures.

Committee Hears About Mental Health Managed Care...Turning to the mental health managed care issue, Dr. Blouke updated the Committee on the federal government's recent denial of Montana's waiver applications. Dr. Blouke explained that the primary conflict is that the federal government wants Montana's plan to offer a more extensive package of medical services as part of the managed care proposal. From Montana's perspective, this will be more costly, which ultimately means fewer people can be covered by the managed care system. Dr. Blouke acknowledged his frustrations but reiterated that the state will continue to move forward with the managed care system, even if the implementation timetable is set back while the state works out its differences with the federal government.

Representative Loren Soft, (R-Billings), raised his concerns about the critical shortage of services for seriously disturbed or troubled children. He focused the Committee's attention on the problem of the children needing services being decertified or denied initial certification for those services. The core issue was that children determined to have conduct disorders or sexual offenders are not getting services. Another core issue raised to the Committee was the number of children being treated out of state. Mr. Pete Surdock, from the Child and Family Services Division, DPHHS, was called to testify. He provided the Committee with a break down of the number of children that were in what types of out-of-state services. Committee members were also assured that there has been no policy or administrative directive to not certify eligible children for the

services they need. The Committee's discussion ended with a request that utilization trends and certification for residential treatment for seriously disturbed children be examined.

Reorganization of State Health and Human Services Agencies Continues... Another area of oversight for the Committee has been the reorganization of state health and human services into the DPHHS. Dr. Blouke briefed the Committee on the new DPHHS organizational chart and explained his rationale for organizing services as he did. Dr. Blouke expressed his optimism that the new DPHHS organization will be effective and efficient, but acknowledged that the uprooting of more than 600 state employees is difficult and stressful for those involved in the physical moves required. The DPHHS reorganization has now moved into a phase where each division is working out its internal organization.

ICC Briefs Committee on Activities... Finally, the Committee turned to its oversight interest in the Interagency Coordinating Council (ICC). Mr. Hank Hudson, ICC chairman and administrator of the Child and Family Services Division, DPHHS, updated the Committee on the ICC's latest activities. Mr. Hudson explained that he has assigned one FTE from his division to serve as the prevention coordinator for the state and to assist the ICC in fulfilling its coordination role. He also updated the Committee on the ICC's first draft of the benchmarks that will:

- (1) assist the ICC in delineating the scope of its prevention activities;
- (2) be used to help measure whether money is being effectively spent;
- (3) help program managers in different divisions coordinate their efforts and resources; and
- (4) get communities involved in the discussion and process of establishing benchmarks and coordinating programs.

Mr. Hudson also reported that the ICC is considering a pilot project proposal whereby a community will bid for approximately \$30,000 (or more) to start a community resource center targeted toward achieving certain benchmarks.

Finally, Mr. Hudson reported that the ICC has been considering how to fulfill the intent of the unified budget requirement outlined in HB 2. He reported that, in consultation with the state budget director, Mr. Dave Lewis, the ICC members are working with their respective agencies to organize budget information into a unified presentation format in the executive budget. Committee members raised concerns that, under reorganization, the Director of the Department of Corrections is no longer

a member of the ICC. It was determined that the Director's omission was an oversight that should be corrected during the next legislative session.

Child Custody and Visitation Issues Discussed...The afternoon session of the first meeting day was devoted to child custody and visitation issues and concerns raised by parents being made to pay child support but being denied custody and visitation rights. Mr. Doug Sternberg, the Committee's legal research staff, presented a comprehensive report on Montana's child custody and visitation statutes and case law. One public member, a father who owes child support but is being denied the custody and visitation rights given in his divorce decree, testified at the public hearing. Although government-sponsored child support enforcement services must not be hindered by the disputes of the parents because child support is for the child's benefit, the Committee acknowledged that parents with court-ordered visitation and custody rights must rely solely on their own resources to enforce those rights. Committee members discussed the wisdom of mediation and educational classes for couples involved in marriage dissolution so that each parent's rights and responsibilities were clearly understood and mutually agreed upon.

Committee Refines Study Focus...The second day of the meeting was devoted to Committee discussion of what should be its study focus on child care, teenage pregnancy, and substance abuse issues. Staff presented a report, "Enabling Community Initiatives", summarizing the theory of how to build an enabling system that supports and maintains community-based initiatives. The Committee considered several options based on an outline of an enabling system's core services or activities, which, in theory, are:

- (1) incentive grants and recognition;
- (2) training, consultation, and evaluation;
- (3) networking, coalition, and partnership development;
- (4) information and referral services; and
- (5) public information and marketing.

The Committee also brainstormed other study options.

After lengthy discussion, the Committee voted to concentrate further study on networking and evaluation in the three study areas (as well as licensing and training in the area of child care). Staff was directed to decide, based on the availability of information, which study area to focus on first.

The Committee also voted to send a letter to the ICC requesting information about what statewide data bases exist to track trends, what surveys are done, and what plans each participating agency has in developing a data base to track program outcomes in each of the ICC's

benchmark areas. The Committee is also interested in a detailed articulation of the ICC's milestones.

To Meet Again in April. The Committee's next meeting date was changed to Wednesday and Thursday, April 10 and 11.

For more information, please contact Sheri S. Heffelfinger, Legislative Services Division, 444-3064.

LEGISLATIVE COUNCIL

Council Meets in January. The Legislative Council met on Friday, January 26. Issues on the agenda included Annotations prices, land exchange issues, capitol renovation, legislative branch reorganization, and Council subcommittee reports. As a result of the meeting, the Council took the following actions:

- set the price for the Montana Codes Annotated Annotations at \$305 and approved a \$10 charge for inclusion of two additional binders;
- directed staff to place a notice in the *Montana Lawyer* to recruit a replacement member for the National Council of Commissioners on Uniform State Laws;
- approved the addition of 1.25 FTE and refer the addition of a Personnel Officer and a Central Services Administrator to the Personnel Subcommittee for a recommendation;
- accepted responsibility for being the appropriate legislative committee to consider land transfers for action at the discretion of the State Land Board;
- approved transfer of ownership of the Lewis and Clark County Fairgrounds from the State of Montana to Lewis and Clark County;
- approved recommendation to transfer ownership of the Poplar Armory at the discretion of the State Land Board;
- directed Executive Director Bob Person to direct a letter to the State Land Board on behalf of the Legislative Council, requesting

a comprehensive list of criteria on how they dispose of state land with a request that they report back to the Council; and

- confirmed that the Legislative Council wished to retain the responsibility of consulting with the Department of Administration on construction and remodeling priorities and serve as a long-range building committee for the Capitol building.

CAPITOL RESTORATION PROJECT

Planning Meetings Held During January...The Department of Administration and the Capitol Design Team held a series of Capitol Restoration planning meetings in January. Program planning continues with stakeholder interviews; the design specifications for the exterior are continuing on schedule.

Design Team Discusses Window Repair...On January 16, the Capitol Design Team held a working group meeting for input on window repair and replacement. Representatives of the General Services Division, the Montana Historical Society, and the Capitol Restoration Commission were interviewed for input on the particulars involved with window selection. The Capitol Design Team will use the input to prepare for a final working group presentation on February 22, before a recommendation for treatment is presented to the Capitol Advisory Group in March. Final design and bidding should occur in the spring for late summer implementation.

Design Team Conducts Interviews...The Capitol Design Team met on January 22 to review the results of the stakeholder interviews. The Team interviewed over 50 stakeholders representing 20 or more interested groups about space, technology, and functional issues in the Capitol. A wide range of public/private, and occupant/user groups were represented in these interviews. Program themes regarding building comfort and usability, a lack of meeting space and adequate opportunities for public participation, and the deficiencies in the building utilities have begun to emerge. In addition, the Department sent a survey letter to over 80 legislators who have chaired committees during a legislative session for their input on the adequacy of their assigned space.

Capitol Advisory Group Holds First Meeting...The first meeting of the Capitol Advisory Group (CAG) was called to order on January 24 by Chair Lois Menzies, Director of the Department of Administration. This first meeting was a general overview of progress and process; the group was also brought up to date on the meetings held earlier in the week.

The next meeting of the CAG is scheduled for Tuesday, March 5, at 10 a.m. This meeting will focus on exterior specifications and solutions and window repair and replacement.

Design Team Meets With Legislative Council...The Capitol Design Team met with the Legislative Council on January 26 to brief the Council on the building project and to introduce the necessary interface between the team and the Council as regards space assignment in the Capitol. 5-11-115, (2), MCA, specifies, "The legislative council shall consult with and advise the department of administration concerning the assignment of space in the capitol." No recommendations for changes in space assignment were made at this time.

ENVIRONMENTAL QUALITY COUNCIL

EQC and Subcommittees To Meet in February...The following meetings of the Environmental Quality Council (EQC) and Council subcommittees have been scheduled for February:

- House Bill 412 Environmental Self Audit Working Group
The Self Audit Working Group will meet on February 15 from 10 a.m. to 3 p.m. in Room 104 of the State Capitol. As a part of its HJR 10 Enforcement and Compliance Study, the EQC is studying the environmental self audit issues that were raised in House Bill 412 during the 1995 legislative session. The purpose of this working group meeting is to begin discussing the feasibility of potential consensus recommendations.
- Enforcement and Compliance Subcommittee
The Enforcement and Compliance Subcommittee will meet on February 21 at 9 a.m. in Room 104 of the State Capitol. The Subcommittee will hear presentations on the status of compliance and enforcement programs within the Oil and Gas Conservation Division of the Department of Natural Resources and Conservation (DNRC). The Subcommittee will also hear from the Department of Environmental Quality's Air Quality Division.
- Montana Environmental Policy Act (MEPA) Subcommittee
The MEPA Subcommittee will meet on February 21, from 1 p.m. to 4 p.m. in Room 108 of the State Capitol. The Subcommittee will hear updates on state agency implementation of private property right considerations into the Montana Environmental Policy

Act, EQC MEPA implementation training, and criteria for the George Darrow MEPA award.

- Environmental Quality Council

EQC will meet on February 22 from 8:30 p.m. to 3 p.m. in Room 104 of the State Capitol. The Council will hear updates from the Montana Environmental Policy Act Implementation Subcommittee and the HJR 10 Enforcement and Compliance Subcommittee. The Council will also receive a number of other updates including: the progress of the Senate Bill 382 joint and several liability study; the status of the EQC indicators project; the current status of the water quality initiative; the Pony mine cleanup situation; the status of Montana's Water Data System; and the progress of the Major Facility Siting Act collaborative process.

For more information on these issues, please contact the EQC staff at (406)444-3742.

SUBCOMMITTEE ON FOREIGN INVESTMENT DEPOSITORY

Subcommittee Meets in Billings...The Subcommittee on Foreign Investment Depository held its fifth meeting on January 25-26 in Billings. The First Interstate Bank provided its 18th floor conference room for the proceedings, and the Montana Bankers Association treated the members and their guests to lunch on the 26th. Because several Subcommittee members were absent on account of schedule conflicts, and because the agenda included important presentations by invitees from out-of-state, the meeting was videotaped for future reference and review.

The substance of the meeting presentations and discussions was rooted in a set of observations, assumptions, and discussion questions prepared and distributed in advance by staff. Professor Ingo Walter, author of Secret Money and professor of international finance at New York University, was unable to attend the meeting. He nevertheless provided helpful guidance in written form:

"Why Montana? Here the question will then be what kind of structure you set up and what sort of combination of confidentiality, political and currency stability, exemption from taxation for non-residents, and professional asset-allocation services you can provide--and then to defend such a position if it is effectively created from imitators."

The Subcommittee began its deliberations with this statement in hand and a shared understanding that international banking and related financial activity, including the regulatory functions of central governments, are in a state of flux. Political instability, economic insecurity, technological advancements, and jurisdictional friction are all adding to the uncertainty surrounding the future of the worldwide financial services industry. In other words, investor behavior is changing, and so are the rules.

Working assumptions for the group also included the following:

- Subcommittee members and staff, along with state and federal officials and members of the financial services industry in Montana have a common interest in preventing crime and in fostering economic development.
- Prospective depositors would rarely if ever be making a decision to choose the Montana facility over another reputable and well-established offshore banking facility, such as in Switzerland, Bermuda, or the Cayman Islands. Rather, the Montana Depository would offer an additional venue for the long-term safeguarding of assets.
- The feasibility of the depository hinges on a combination of legal factors, commercial viability, public acceptance, and the convergent interests of various private and public sector entities in Montana.

The discussion questions were arranged in three general categories: (1) the state's interests in the depository (e.g., revenue, a stimulus to investment, an honorable reputation); (2) the commercial viability of the enterprise (how it might be marketed, and earn a profit); and (3) the major concerns of the federal government regulatory and law enforcement agencies (including the depository institution's compliance with financial information reporting requirements, U.S. treaty obligations, and the effective deterrence of money laundering schemes.)

Subcommittee Hears From Numerous Witnesses...Mr. Lynn Chenoweth, Montana Department of Revenue, addressed the potential ways and means of generating state revenue from the depository operations. Ms. Linda Reed, Senior Economic Development Advisor to Governor Racicot (and a former bank president) urged the Subcommittee to consider carefully the other economic benefits--such as high-skill jobs and business investment--that might accrue to the state if the depository is successful. Mr. Gil Burdett, representing the Development Corporation of Montana and the Montana Private Capital Network, explored some of the ways the depository could both attract and channel foreign investment. Among these presenters, and the Subcommittee members, there was general agreement

that the depository should be a private entity chartered by the state, rather than a state-owned and operated institution.

The Subcommittee also heard from Mr. Ted Goodwin, a Trust Officer with Norwest Bank, and Mr. John Cadby, CEO of the Montana Bankers Association, about several of the market variables in serving high net worth individuals. Their comments prompted a discussion about whether Montana would be better served by allowing subsidiaries of non-U.S. banks to compete for depository licenses or by restricting the "playing field" to domestic financial institutions with a significant stake in the state already.

Mr. Robert Svoboda, a retired, Montana-born businessman who now resides in California and Mr. Jerome Schneider, an acknowledged expert on offshore banking from Vancouver, B.C., also joined in this lively conversation and made a number of constructive comments about both the character and the asset base of the depository's potential customer base. Both believe, for example, that Subcommittee members and staff have underestimated the volume of legitimate business (and hence state revenue) that would rush to seize the day in the event the depository actually materializes.

Mr. James Springer, Senior Counselor for international tax matters at the U.S. Justice Department and Mr. Roger Weiner, Assistant Director of Compliance and Enforcement at the U.S. Treasury Department's Financial Crimes Enforcement Network both flew in from Washington, D.C. to inform the Subcommittee about various features of the Bank Secrecy Act of 1970 and the panoply of information sharing agreements the United States has forged with a large and still-growing number of foreign countries. Their joint presentation was followed by advisory remarks rendered by Mr. Schneider, who believes Montana could and should create a unique financial niche for foreign depositors that would stretch but not break existing barriers established by federal laws and regulations.

Staff Directed to Prepare Outline of Legislation...At the close of the meeting, the Subcommittee members directed staff to prepare a detailed outline (a sort of "pre-draft draft") of the legislation they might formally request in bill draft form to accompany the final report that will be submitted to the 55th Legislature. The outline will include a summary of the kinds of statutory changes that would be required to get the Depository on-line. For example:

- The Legislature would need to carve out a new niche in state law that defines the institution, its structure, financial requirements, licensure procedures, method of incorporation, etc.
- The Legislature could enact a right of financial privacy that parallels the federal Right to Financial Privacy Act of 1978 and/or the Swiss and Cayman models, both of which mandate penalties for the wrongful disclosure of depositor data.

- The Legislature could establish special tax rates and exemptions in order to bolster the commercial attractiveness of the depository.
- The Legislature would probably need to embellish and strengthen the state's regulatory set-up and procedures, including supervision, audits, investigations and inspections.
- The Legislature would need to clarify the state's liability with respect to bankruptcy, other types of depositor losses, and criminal behavior associated with the Depository.
- Some consideration would need to be made with respect to the depository and the individual depositors being subject (or not) to civil and criminal procedures, especially civil judgments brought against the depositor in a foreign jurisdiction.

The outline will be sent to federal agencies, Congressional staff, the state's Commissioner of Banking, the Governor's Office, and a number of Montana bankers for informal review and comment prior to the next (and possibly last) Subcommittee meeting, scheduled to occur on March 8 at the Capitol building in Helena.

Anyone interested in receiving a copy of the outline or the minutes from the January meeting may obtain either by calling or writing Stephen Maly, Legislative Services Division, Room 138, State Capitol, Helena, MT 59620-1760, (406) 444-3064.

LEGISLATIVE FINANCE COMMITTEE

Committee to Meet on March 14 and 15...The Legislative Finance Committee (LFC) will meet on March 14 and 15 in room 104 in the State Capitol. The tentative agenda includes the following:

- State Corrections Policy Issues
- Depts. DNRC/DEQ - Proposed Reorganization Structure
- Potential Impacts of Federal Budget Reductions: Update
- Biennial Comparisons: Issues and Methodology
- Review of Services Provided by the Legislative Services Division
- Resource Indemnity Trust (RIT) Funding Analysis
- School Transportation
- Analysis of the Adequacy of the State's General Fund Ending Balance
- Legislative Budget Process Discussion

- Privatization Issues - Executive Branch Initiatives: Update
- SJR 23 Task Force Update
- Budget Amendments Summary Report

Legislative Budget Process Discussion...Included on the March LFC meeting agenda will be a discussion of possible improvements in the legislative budget process, including issues of methodology, procedure and budget data requirements. A number of legislators have expressed an interest in exploring options to improve the budget decision process. Legislators who have expressed an interest in this issue will be encouraged to participate.

Subcommittee to Meet...The Senate Bill No. 378 Subcommittee of the Legislative Finance Committee, assigned to study statutory appropriations and state special revenue accounts, is scheduled to meet March 13 at 8:00 AM in Room 108 of the Capitol. The Subcommittee will be updated on the elimination of accounts and transfer of account balances to the general fund as effected by Senate Bill 83 in the 1995 session. The Subcommittee will also be informed on the progress of the Department of Administration's survey of state special revenue accounts, to be completed by February 1, and the LFD staff's analysis of the information. Most of the day will be spent reviewing and formulating the recommendations on the 98 statutory appropriations. Eventually, these recommendations will be reported to the LFC for final consideration and action.

POSTSECONDARY EDUCATION POLICY AND BUDGET COMMITTEE

PEPB Committee Meets...At its January 22 meeting the Postsecondary Education Policy and Budget Committee (PEPB) heard five reports and received testimony on the status of the Indian/Minority Achievement program in the office of the Commissioner of Higher Education.

Community College/State Merger Recommendation...Mr. Don Kettner, President of Dawson Community College, and Dr. Frank Williams, President of Miles Community College, outlined a joint proposal for merger of their colleges with the Montana University System. Flathead Community College was not represented at the meeting and not included in the proposal.

Teaching and Research...The PEPB heard reports on teaching and research presented by LFD and Dr. Mike Malone, President of Montana State University. Both reports emphasized policy questions concerning mission, scholarship, productivity, and quality. In addition, Dr. Malone's report also emphasized the benefits of research to students and to the State of Montana.

Collaborative Agreements...Dr. Jeff Baker, Commissioner of Higher Education (CHE), provided a brief overview of the collaborative negotiations with faculty at the university system units and noted that each campus agreement had been tailored to fit conditions at that campus.

Vision for the University System...Dr. Baker discussed his papers on possible policy goals for moving the university system into the future. Based on the concepts of performance, flexibility, lifelong learning, knowledge, and technology, he outlined possible policy initiatives that include: 1) a commitment to competency-based education; 2) resource investments in technology and deteriorating infrastructure; 3) access to lifelong learning; and 4) performance measures to replace time-based criteria for education.

Administrative Service Review Task Force Report...The PEPB heard an LFD summary of the Task Force recommendations and a brief evaluation of those that might require legislation for implementation. Dr. Malone assured the committee that steps are being taken to implement many of the recommendations.

Indian/Minority Achievement Program...At the request of Senator Jergeson, Ms. Norma Bixby and Dr. Baker discussed the status of the Indian/Minority Achievement program. Dr. Baker had suggested moving the program to MSU and UM. However, after discussion with the Indian nations, he agreed to maintain the program at the CHE Office while collaboratively focusing its mission.

PEPB to Meet in April...The PEPB decided the next meeting would be April 15. The agenda will include discussions on student financial aid and performance indicators/outcome assessment.

SUBCOMMITTEE ON VETERANS' NEEDS

Subcommittee Elects Vice Chair...Senator Don Hargrove was elected Vice Chair of the Subcommittee on Veterans' Needs by a telephone ballot of the members. Representative John Johnson is the Chair.

The Subcommittee will hold its second meeting on Thursday, May 16 in Glendive at the Eastern Montana Veterans' Home.

THE BACK PAGE

Every day in the newspapers and on the radio and television, the public hears stories about juvenile crime. Who are these juvenile offenders? What caused them to become involved in criminal activity? Who are their victims?

In this month's "The Back Page", Susan Byorth Fox tries to answer these questions by presenting a statistical picture of juvenile offenders and victims in Montana and in the nation.

JUVENILE OFFENDERS AND VICTIMS: WHO ARE THEY?

by Susan Byorth Fox, Research Analyst
Legislative Services Division

INTRODUCTION

The Office of Juvenile Justice and Delinquency Prevention (OJJDP), in response to assisting the many parts of the juvenile justice system with useful and accurate information, published Juvenile Offenders and Victims: A National Report. In this publication, information is presented that will be essential to understand the state of juvenile affairs today and to help plan for the future.

Much of the information listed in this publication comes from the U.S. Bureau of the Census, the Federal Bureau of Investigations and from other public and private sources and has whatever limitations those data sources have, but it is the most comprehensive national data available.

The Juvenile Justice and Mental Health Study Commission will be reviewing local data sources in the coming months, but this national information will help us review the basic trends in society and perhaps put some real numbers to the fear and perceptions that run rampant throughout society and the media. The information will allow a constructive dialogue to begin. Correlations between any of these variables and juvenile delinquency are often cited, though no single variable can be taken into consideration by itself nor given more blame than any other without further investigation and evidence.

A STATISTICAL PORTRAIT

The following information is excerpted from the OJJDP publication. The statistics refer to the nation at large unless Montana is specifically referenced.

The juvenile population (below age 18) has been growing since 1984 and now comprises more than 1 in 4 persons in the U.S. This population will continue to increase (by 15%) between 1990 and 2010, and will become more racially and ethnically diverse (from 20% to 25% nonwhite).

Montana's juvenile population increased 2% from 1980 to 1990, twice the U.S. average of 1% growth. Surrounding states showed the following growth: Idaho 3%, Wyoming -6%, North Dakota 1%, South Dakota 9%.

Montana's juvenile population is 90% white and nationally has the fifth largest proportion of Native Americans in the juvenile population at 9%.

Montana's proportion of juveniles under age 18 living in poverty in 1989 was 20%, with a significant difference in the white proportion (17%) and the Native American proportion (53%). The U.S. overall total is 18%, with proportion of whites in poverty at 12% and Native Americans at 39% on average. Though nationally counties with a high percentage of juveniles living in poverty were often located in southern states, 36 of Montana's 56 counties have over 20% of children living in poverty.

Montana is below the U.S. average in the proportion of children living in single-parent families in 1990 at 19%, the U.S. proportion is 24%. Though more children are living in single parent families, three out of four children in the United States live in two-parent families. Half of all children will spend some time in a single-parent home. More children in single-parent families with a mother present live in poverty, 46%, than those in single-parent families with a father present, 24%, or in a two-parent home, 9%.

Though Montana's percentage of youth, 8%, who were ages 16 - 19 in 1990 and who withdrew from high school without graduating is below the U.S. percent of 11%, the percent of Native Americans, 22%, is higher than the national percent of Native Americans of 18%. (Montana law requires compulsory attendance through 16 years of age.)

In 1991, juveniles ages 12-17 years old were as likely to be the victims of rape, robbery, and simple assault as were adults aged 18-24; aggravated assault was the only violent crime for which young adults had a statistically higher victimization rate. The rates are substantially above the victimization rates for persons over 24 years of age.

Nationally, Black males ages 14 to 17 years old are more likely than other juveniles to be homicide victims. Homicide victims under age 10 are more likely to be killed by parents (59%); and victims age 10 to 17 years old were more often killed by a friend or acquaintance (61%) than a family member (16%).

Compared with youth who were not abused or neglected, a greater proportion of youth who were substantiated victims of maltreatment before age 12 reported committing violent acts (70% vs. 56%). A National Institute of Justice study found that 26% of abused or neglected children eventually had a juvenile arrest record, compared with 17% of children who were not abused or neglected.

For every two youth ages 0-19 years murdered in 1991, one youth committed suicide. Suicide increased 76% for 10- to 14-year olds between 1979 and 1991. Young suicides, ages 15 to 19 years, are disproportionately male and white.

Victims report that approximately 28% of personal crimes (rape, personal robbery, aggravated and simple assault, and theft from a person) against persons age 12 or above were committed by juveniles. Male offenders committed 88% of these crimes and females committed 10% of these crimes, with the remainder committed by both. Information on the sex and race of the juvenile offender is essentially the same as for adult offenders.

According to victims' surveys, 1 in 5 violent crimes were committed by juveniles and 1 in 7 serious violent crimes were committed by juveniles in groups. When reported as violent crimes cleared by arrest of a juvenile, the number decreased to 1 in 10.

Most juveniles have committed at least one delinquent act, fewer have an official record, and very few are responsible for the majority of offending.

A Philadelphia study in 1976 found that 42% of those who had contact with the police had only one contact by their 18th birthday. A study of Utah and Arizona juvenile court records found that 59% of all youth referred to court intake once did not return to court again. In both studies, males are more likely to recidivate or have more than one referral. Minorities are also more likely to have multiple official contacts.

As a youth ages, they are more likely to add new, more serious behaviors. The earlier onset of a delinquent career, the greater number of offenses a juvenile is likely to commit, though the average seriousness of offenses in a career is not related to the age at onset.

The probability of adult arrests for violent acts increases with the number of serious violent offenses committed before age 11.

Half of the males with police contacts as juveniles had no adult arrests by age 30; nearly 4 in 10 males arrested as adults had no juvenile record.

CONCLUSION

These statistics and figures only offer a superficial glance at many of the issues involved in juvenile justice today. One conclusion is clear: no one variable can give us the entire story and though we may measure probability of types of offenders or offenses, we have no predictability in knowing which youth may become an adult offender and which youth may grow through their rebellion to achieve adulthood without criminal behavior. We do not know what is the variable or set of variables that takes a youth and their chosen behaviors from "normal rebellion" to delinquency.

It is also clear that there are many conditions beyond a youth's control that may contribute to their behavior: poverty, family structure, abuse and neglect, and race. It is in our reaction to many of these characteristics that affects how we define the problem and how we design solutions to the problem. It is our challenge to try and see "the big picture" and use the information at hand, instead of bowing to myths and perceptions. We must confront these issues from both ends: offender accountability and societal accountability.



INTERIM CALENDAR

UNLESS OTHERWISE SPECIFIED,
ALL ROOM DESIGNATIONS ARE IN THE CAPITOL

FEBRUARY

February 2, Revenue Oversight Committee, Room 104

February 5, Committee on State Management Systems, Room 437, 9 a.m.

February 9, Legislative Audit Committee, Room 104

February 12 and 13, Juvenile Justice and Mental Health Study Commission, Room 437

February 15, EQC Environmental Self-Audit Working Group, Room 104

February 19, Lincoln's and Washington's Birthdays, holiday

February 21, EQC Enforcement/Compliance Subcommittee, Room 104, 9 a.m.

February 21, EQC MEPA Subcommittee, Room 108, 1 p.m.

February 22, Environmental Quality Council, Room 104, 8:30 a.m.

February 23, Committee on Public Employee Retirement Systems, Room 104

February 23, Administrative Code Committee, Room 108, 1 p.m.

MARCH

March 8, Subcommittee on Foreign Investment Depository, Helena

March 13, LFC Subcommittee on SB 378, Room 108, 8 a.m.

March 14 and 15, Legislative Finance Committee, Room 104

March 20 and 21, EQC Enforcement/Compliance Subcommittee, Room 104

March 21 and 22, Gaming Advisory Council, Room 325, 9 a.m.

March 28, Committee on Indian Affairs, Room 104

March 29, Revenue Oversight Committee

APRIL

April 3, EQC Environmental Self-Audit Working Group

April 10 and 11, Oversight Committee on Children and Families

April 15, Committee on Postsecondary Education Policy and Budget, Room 104, 9 a.m.

April 18 and 19, Committee on State Management Systems

April 25, EQC Enforcement/Compliance Subcommittee

April 25, EQC MEPA Subcommittee

April 26, Environmental Quality Council

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